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Senate Panel Opens Iran Arms Inquiry

Pressure Builds for Independent Counsel

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The Senate Select Committee on Intelligence said yesterday it had opened an investigation of secret arms sales to Iran and the transfer of profits to aid the Nicaraguan contras, as calls intensified for appointment of an independent counsel to look into possible criminal involvement of administration officials.

But a Justice Department official said yesterday the department will delay seeking an independent counsel because it is not sure that federal laws have been violated.

Some administration officials privately expressed concern about the dual role that Attorney General Edwin Meese III appears to be playing. The officials noted that Meese provided the legal advice to President Reagan at the time the Iran weapons sales were authorized but is now involved in the investigation of that and the diversion of funds to aid the Nicaraguan contras. One administration source said the question of whether this poses a conflict for Meese might be discussed at the White House next week.

Justice Department spokesman Patrick Korten said, however, that Meese, who is also a member of the National Security Council (NSC), has no need to disqualify himself from the probe because he knew nothing of the arm sales to Iran and was not working at the White House at the time. "There is nothing to stop him from conducting a full, fair and thorough investigation," he said.

Despite calls from several members of Congress for such an independent probe, Korten said, "The status of the law is unclear. There are plenty of ambiguities. We don't even know at this stage whether or not any laws were violated."

Members of Congress gave every indication that they will continue to press for an independent counsel. And various committees announced they will conduct separate investigations.

There were these developments yesterday:

■ The Senate intelligence committee said it has opened its investigation and will call numerous administration witnesses, concentrating initially on "employees of the NSC and persons acting at their direction." Sen. Patrick J. Leahy (D-Vt.), the panel's vice chairman, said witnesses will be questioned under oath. He said the White House has been asked to make available all pertinent documents.

■ House Foreign Affairs Committee Chairman Dante B. Fascell (D-Fla.) said his panel is seeking a wide range of documents in the case.

■ Rep. John Conyers Jr. (D-Mich.), chairman of the House Judiciary criminal justice subcommittee, said his panel is strongly considering a review, including oversight hearings, of the conduct of the Justice Department's investigation.

Conyers said yesterday that allegations already made public are more than adequate to justify appointment of an independent counsel.

■ A White House spokesman, Daniel Howard, announced in Santa Barbara, Calif., that the president's counsel, Peter J. Wallison, is preparing a memorandum to all White House staff officials instructing them to cooperate with the Justice Department probe and the inquiry to be carried out by the special commission chaired by former Senate Armed Services Committee chairman John G. Tower (R-Tex.).

Staff members were instructed to maintain the integrity of their files and make all relevant materials available, including memorandums and telephone logs.

The Justice Department probe is being carried out by the Criminal Division and is headed by Associate Attorney General Stephen S. Trott and Assistant Attorney General William F. Weld. Korten said the probe will continue to be conducted by the Justice Department rather than an independent counsel unless there are clear indications of illegality by persons covered under the Ethics in Government Act.

"The independent counsel statute was designed to cover specific individuals who we believe may have engaged in criminal behavior," he said. The only person implicated in

the affair who is clearly covered by the ethics law is Vice Adm. John M. Poindexter, who resigned Tuesday as national security adviser.

The department is also looking into allegations that Lt. Col. Oliver L. North, the fired NSC official accused of playing a key role in the diversion of money to aid the contras, destroyed key documents that may have indicated who participated in the operations, Korten said. Sources said aides to Meese spent most of last Saturday at North's NSC office, reviewing documents from North's files, and interviewed North for three to four hours the following day.

"Steps were taken as soon as it was appropriate to assure the preservation of documents," Korten said. But he added that shredding of documents is often routine at places such as the NSC and that "any of that kind of activity that may have gone on before we asked that no documents be destroyed is not necessarily untoward."

But Leahy said yesterday that he is concerned about the security of the documents and he doubts that North acted alone.

"Col. North did not act alone," Leahy told The Associated Press. "There are some in the administration who would like him to be the scapegoat for the whole matter, but the fact is that he did not act alone."

Leahy said the committee will "find out just who gave those orders, why they gave them and when they gave them, and whether they violated laws in doing it."

A White House official said the question of whether Poindexter should appear for questioning by the intelligence committee staff has "not been addressed yet. It raises some interesting and novel questions," he said, referring to the doctrine of executive privilege. "Most of the policies on executive privilege still exist on former officials."

However, given the president's statements that he wants to get all the facts out, Reagan might also want to waive executive privilege on Poindexter, the official said. The committee's procedures call for witnesses to be put under oath and questioned by staff members with a panel member present.

At the same time, the official noted that Poindexter is subject to the Justice Department investigation and there is a "serious question" about whether he would want to testify on Capitol Hill before the probe is finished.

The federal laws that may have been violated, Conyers said, include criminal statutes covering conspiracy, misuse of public property and obstruction of justice to the Anti-deficiency Act. That law provides that an officer or employee of the United States may not expend funds for unauthorized purposes and provides criminal penalties for knowing and willful violations.

Meanwhile, The Times of London reported this weekend that millions of dollars from the secret sale of U.S. arms to Iran and destined to aid the Nicaraguan rebels was deposited in the Swiss bank account of a firm run by former Central Intelligence Agency officials.

The newspaper said that between January and September 1986, top NSC officials in Washington supplied a Swiss company with \$12 million in CIA funds to purchase, at their original value, military equipment for sale to Iran.

The military hardware, including spare parts for F14 fighters and several thousand missiles, was delivered to Iran on three flights and sold for its replacement value of

\$30 million, The Times said. The \$18 million profit was then deposited in the account of Credit Fedu-
ciaire Services, a Geneva invest-
ment banking operation run by for-
mer CIA officials, the newspaper
said. From there, the money was
transferred to CFS Investments
Ltd., the company's account in the
Cayman Islands, it said.

*Staff writer David Hoffman in
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report.*